1999 DRAFTING REQUEST

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Received: 10/6/98	Received By: champra Identical to LRB: By/Representing: Presser Drafter: champra						
Wanted: Soon							
For: Administration-Budget 6-8777							
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May Contact:	Alt. Drafters:						
Subject: Emplo	Extra Copies:						
Topic: DOA:Presser - WF	RS Death Benef	it under Acco	clcrated Payn	nent Option			
Instructions:							
See Attached.							
Drafting History:		<u> </u>					
Vers. <u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	Jacketed	Required	
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1999 DRAFTING REQUEST

Bill

Received: 10/6/98

Received By: champra

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-8777

By/Representing: Presser

This file may be shown to any legislator: NO

Drafter: champra

May Contact:

Alt. Drafters:

Subject:

Employ Pub - retirement

Extra Copies:

Topic:

DOA:.....Presser - WRS Death Benefit under Accelerated Payment Option

Instructions:

See Attached.

Drafting History:

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FE Sent For:

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STATE OF WISCONSIN DEPARTMENT OF ADMINISTRATION 101 East Wilson Street, Madison, Wisconsin

Mailing Address: Post Office Box 7864 Madison, WI 53707-7864



TOMMY G. THOMPSON GOVERNOR MARK D. BUGHER SECRETARY

Date:

5 October, 1998

To:

Steve Miller

Chief, Legislative Reference Bureau

From:

Dennis Presser

Policy and Budget Analyst, 6-8777

Subject:

Department of Employe Trust Funds statutory language proposals

Please draft the following eight statutory language proposals from the Department of Employe Trust Funds for its FY99-01 biennial budget request.

They include:

- Interest on refunds and underpayments
- · Purchasing forfeited service
- QDRO--participant's status
- Death benefit under accelerated payment option
- Accumulated Sick Leave Conversion Credit Program changes
- Accumulated Sick Leave Conversion Credit base pay rate changes
- Closure and publication of write-off accounts
- Establishment of statutory lien provision

Please call with any questions. Thanks.



Department of Employe Trust Funds Statutory Language Drafting Request

☑ Draft for Possible 99-01 Budget Bill Introduction☐ Draft for Possible Introduction as Department-sponsored or Independent Bill

Subject: Death Benefit under Accelerated Payment Options

Request Date: September 15, 1998

Contact Name in Agency for Drafter (phone no): Pam Henning (267-2929)

Brief Description of Intent:

Current law states that the temporary annuity for accelerated payment options is paid until the participant reaches age 62 or dies, whichever comes first. If the annuitant dies before age 62, the death benefit is based only on the after-age-62 benefit amount. Although our application materials have several statements that provide this information, applicants and their beneficiaries assume that the death benefit will include the temporary annuity until the annuitant's 62nd birthday. Beneficiaries are frequently very upset to discover that the temporary annuity ends upon the annuitant's death.

Under the proposed change, if the annuitant dies before reaching age 62 the remainder of the temporary annuity would be included in the death benefit. This improves the benefit design, customer service and operational efficiency.

Related Statutory Citations

s. 40.24 (1) (e) is amended to read:

A reduced annuity payable in the normal form or any of the optional life forms provided under this section, plus a temporary annuity payable monthly but terminating with the payment payable in the month following the month in which the annuitant attains age 62 or, if earlier, on the death of the annuitant if the annuitant dies before reaching age 62, in the month in which the annuitant would have attained age 62.

Per Pam Henning (1017): has initial applicability seesan: first applies to an annuitant who dies on eff date of subjection.



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State of Misconsin 1999 - 2000 LEGISLATURE

LRB-0469/1 RAC:,,....

(Soon)

DOA:.....Presser – WRS Death Benefit under Accelerated Payment Option

FOR 1999–01 BUDGET — NOT READY FOR INTRODUCTION

AN ACT...; relating to: the budget.

Analysis by the Legislative Reference Bureau RETIREMENT AND GROUP INSURANCE

Under current law, a participant in the Wisconsin retirement system (WRS) may elect to receive a social security integrated annuity. A social security integrated annuity allows a participant to receive an accelerated WRS annuity in the form of a higher annuity before the age of 62 than he or she would ordinarily receive. But when the participant begins to receive social security payments at the age of 62, the WRS annuity is reduced to an amount less than he or she would ordinarily receive. The amount of the accelerated WRS monthly annuity before the participant attains the age of 62 should be the same as the sum of the WRS monthly annuity and the social security monthly annuity received by the participant after he or she attains the age of 62.

Under current law, however, if the participant dies before the age of 62, the death benefit paid to the beneficiary is based on the reduced WRS benefit that would have been payable to the participant when he or she would have reached age 62. This bill changes the date on which the annuity amount is reduced from age 62, or, if earlier, on the death of the annuitant, to age 62 or, if the annuitant dies before attaining age 62, in the month in which the annuitant would have attained age 62. The effect of this change is that the death benefit paid to the beneficiary will include the higher WRS annuity of a participant who was receiving a social security integrated annuity, but who died before the age of 62.

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This bill will be referred to the joint survey committee on retirement systems for a detailed analysis, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 40.24 (1) (e) of the statutes is amended to read:

40.24 (1) (e) A reduced annuity payable in the normal form or any of the optional life forms provided under this section, plus a temporary annuity payable monthly but terminating with the payment payable in the month following the month in which the annuitant attains age 62 or, if earlier, on the death of the annuitant the annuitant dies before attaining age 62, in the month in which the annuitant would have attained age 62. It is the intent of this option that so far as is practicable the amounts of the life annuity and temporary annuity shall be determined so that the annuitant's total anticipated benefits from the fund and from his or her primary OASDHI benefit will be the same each month both before and after attainment of age 62.

History: 1981 c. 96; 1983 a. 141 ss. 17. 20: 1983 a. 290, 368, 538; 1985 a. 151; 1989 a. 13, 166; 1991 a. 152; 1993 a. 426; 1995 a. 302; 1997 a. 110. **SECTION 9315. Initial applicability; employe trust funds.**

(1) Social security integrated annuity. The treatment of section 40.24 (1) (e) of the statutes first applies to the calculation of death benefits of an annuitant in the Wisconsin retirement system who dies on the effective date of this subsection.

(END)



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State of Misconsin 1999 - 2000 LEGISLATURE

LRB-0469/1 RAC:kmg;jf

DOA:.....Presser – WRS Death Benefit under Accelerated Payment Option FOR~1999-01~BUDGET --- NOT~READY~FOR~INTRODUCTION

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